REAL ECONOMY

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GOVERNANCE

From drama to farce... The first week after the old-style Christmas proved once again that the politics of our country is way beyond the **principles and values** shared by the "normal majority" of Moldovan citizens. Initially, the failed presidential elections (sic!) of December 16, 2011 were declared non-constitutional by the Constitutional Court , however after that event the Alliance revealed the ace it was hiding up on its sleeve: the new constitutional referendum. After the failure of the constitutional referendum organized by the AEI in September 2010 with a view to introduce the direct popular vote for the election of the country's president, the current governing Alliance decided to change the approach and proposed a threshold reduction of parliamentary mandates necessary for presidential election by the Legislative from 61 to 51. Thus, in a bit over one year the preferences of the Alliance changed from a certain election tool (which, implicitly, involves widening of the president's authority) to a different one, which will rather indiscreetly lead to a stronger parliamentary democracy. From our point of view, this change reveals the lack of strategic approach and the shaking principles and values behind the Moldovan governing regime;

A technical decision with an uncertain ending... Although this technical decision (which decreases the number of mandates needed for the election of the president by the Parliament) could help break the deadlock with the Presidential election, the solution is very unlikely to handle the challenges Moldova faces at this point in time. All these judgments are laid upon the following technical and conceptual aspects:

- It is necessary to lower the participation threshold for the validation of the referendum results and that is a step the Alliance could easily take;
- The referendum should also address the issue of limiting the President's powers to the benefit of the Parliament and prim-minister. Some divergences of this type can be already noticed among the Alliance components. They can increase until the referendum if this issue is not put up to the electorate at the referendum. Could these dissensions potentially block the referendum? This scenario would fit the symptoms of the current political environment;
- The opposition will ask for early elections. These could be also supported by the apolitical groups of people, who are currently under the pressure of tariffs and economic difficulties that are heavier during the winter time. Is the Alliance ready to respond to these challenges?
- What happens if the nation votes against the constitutional changes either with respect to the election procedure or to the

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- *Who and how should fight the informal employment?*
- *The banking system - immune to potential shocks;*

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Real Economy *is a monthly economic review tracking the most important policy and economic evolutions. Its readers are policymakers, CEOs of domestic and international companies and banks, representatives of the international institutions and foreign embassies, political parties and economic journalists.*

Acronyms and abbreviations used:
y-o-y - year on year; q-o-q - quarter on quarter; Q4'07 – fourth quarter 2007; Jan' 09 – January 2009; NBS – National Bureau of Statistics; NEA – National Employment Agency; NBM – National Bank of Moldova; EG – Expert-Grup; MDL – Moldovan leu (national currency); p.p. - percentage points;

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powers attributed to the president? Such a turn of events would affect dramatically the Alliance' authority, which is already weak in places;

- Switching to a parliamentary republic could actually prove to be a favorable change; however tangible benefits would be derived only in the long run. In the meantime, the polarized Moldovan society will be governed by a self-servicing political class, where the group interests exceed those of the nation, while the political struggle is ruled by the principle "the winner takes it all". As a result the underlying political crisis will continue regardless the president is elected or not..

Business Climate

December 2011 and January 2012 were marked by a political discussion on an important subject that was nevertheless ignored by mass media. And here we refer to the proposal of the Ministry of Economy to amend Law no. 1540 on Environmental Pollution Charges. Under the provision in force the charges for the imported goods that pollute the environment are paid only by importers. The latter consider that the charges constitute a discriminatory trade protection measure. Further the importers claim that the inequity could be solved either by eliminating the charge or by introducing a similar tax for national producers. The proponents of this equitable approach suggest an overall decrease of the charge that might be compensated by extending the range of products qualified as pollution sources. As a result of the troublesome negotiations handled among the importers, local producers, Ministry of Economy and Ministry of Environment, it seems that the parties gravitate toward the second option – a solution that we consider to be the right one.

"Real Economy no. 24: Special Issue" identifies the lack of progress in the justice reform among the major failures of 2011 that will have dramatic consequences in the long run. The same publication states that one of the major economic risks of 2012 will be the increased frequency of economic crimes. The "bells" that rang in January confirm the accuracy of the assessment. Although the story of Registru state-owned enterprise started a while back, it's very representative of the above observations. Apparently, a commercial conflict caused by the managerial incompetence and lack of public and political control on former chiefs of Registru slowly turned into a real 'corporate raid'. Regardless its evolution, the case raises three key questions: 1) is there a need to maintain state-owned entities that cannot be managed properly? 2) if the answer is "yes", how will the government ensure the managerial accountability and public control of these entities? and 3) how to ensure public control over the judicial system while guarding its independence? The Registru case proves that a malfunctioning justice system not only affects the business climate, but also undermines the national security.

GDP

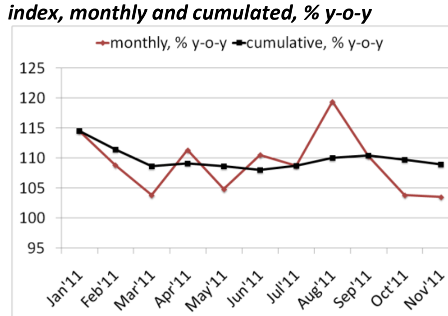
Towards the end of the year, statistical data show a less favorable situation for the Republic of Moldova, with risks that translate into a lower performance with more frequency ever since the summer months. Although from a regional perspective Republic of Moldova had a relatively favorable position, the economic growth rate slowed down significantly in Q3'11. Due to the current environment, all the elements that contribute to GDP formation registered a lower growth rate, the stagnating investments having the highest impact though. Thus, as mentioned in the previous issues of the Real Economy, the increasing contribution of the gross fixed capital formation to the GDP can be an episodic development on the eve of a crisis that is knocking at the doors. Given the uncertainties on the international markets that continued during S2'11, both local and foreign investors are much more careful about their actions. So, for instance, FDIs increased by only 6% in Q3'11 following a spectacular increase of 62% registered in the first semester. Local investors don't seem to exhibit more optimism, investing much less during this period of time. Although the final consumption continues to rise, strengthening even more its position of main growth trigger, it is also sensitive to the developments in the large economies and had a lower increase in Q3'11.

Did the Government learn the lesson? After the world crisis of 2009, which affected Moldova as well, the world economy is at risk again. Certainly, Moldova cannot by-pass a possible crisis and cannot self guard itself from some associated risks, but did the Government learn the previous lesson? The level of economic growth for 2012 is not certain yet. Although the forecasts for Moldova varied between 4 and 4.5% for the next year, all the revisions carried out during the last two months with respect to 2012 GDP developments expected in European and neighboring countries are negative. Some countries that bear a special importance for Moldova - both as trade partners and host countries for Moldovan emigrants - are in fact anticipating an economic decline. How did the Government prepare for such prospects? We are not expecting the Government to develop several drafts of the state budget or few strategic papers that consider several scenarios; however at the initial stages of budgetary and strategic planning it would be reasonable to at least discuss and prioritize the expenses in case of a lower growth rates or even stagnation. Or will we go on pretending that Moldova cannot bend under the pressure of the global economic trends?

REAL SECTOR

The economy exhibits clear signs of slowing industrial production. After an encouraging 10% y-o-y increase in Q1-Q3'11, the industrial growth rate dropped to 8.9% y-o-y during the first 11 months of the year (Chart 1). Since the beginning of the cold season, the energy sector recovered 2 p.p. of the negative growth, but did not reach the level of the previous year, recording a production level of 98.6% y-o-y. It is symptomatic that the decrease of the industrial production index during the first 11 months is determined by a general decreasing trend. With few exceptions, almost all sectors of the processing and mining industry had a lower growth rate. This is a clear sign of decreasing demand and, as a result, of lower economic growth. Nevertheless, there are still several sectors that did not follow the trend: "production of leathers, leather garments and shoes", "printing houses, poligraphy and reproduction of information materials", "production of machinery and electric devices", where the production index had a steady positive development.

Chart 1. Change in the industrial production index, monthly and cumulated, % y-o-y



Source: NBS;

New threats for the transport sector. The low industrial and foreign trade growth rates have affected immediately the transportation of goods. Thus, in October and November the growth rate of cargo transportation was already in one-digit range only and this makes it even more difficult to recover to the pre-crisis level. The railway transport had the slowest development, while the other types of transport had higher and steadier growth rates.

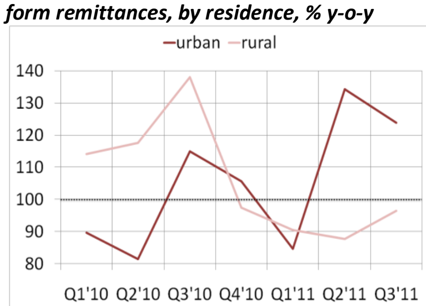
The dwelling construction sector continued to recover slowly due to the completion of the projects launched within the past two years. Thus, the increase in the sector's demand for the construction-assembly works also pushed up the prices for these services, which increased by 14.2% y-o-y in

Q4'11, being the highest rate among the economic sectors. The sector revival is also determined by an increase in the number of real estate transactions that in November constituted 14.9% m-o-m and 17.6% y-o-y. However, the market prices for real estate do not follow the same trend, in fact they remained virtually unchanged during the past months. Though it seems paradoxical, this situation is specific for the bubble burst effects on the real estate market, which eliminated the speculative capital from the market and fed the buyers' reticence. The severe image damage suffered by most of the real estate companies, the recession risks and the credit constraining by the banks will be the main barriers hindering further the development of the sector.

HOUSEHOLDS

Though not instantly, the population's disposable income responds to the slower growth of the national and global economy. In Q3'11, its growth rate decreased by 2.9% in real terms, almost half of the growth rate in the first semester of the year. The income from child benefits decreased the most, but the salary income (which dropped by almost 5%) had the highest impact. During the harvest, which was quite favorable this year, the revenues from individual agricultural work increased significantly (by 28.8%), whose beneficiaries are mainly rural inhabitants. The salaries paid in the agricultural sector increased quicker than in other economic sectors throughout the year, thus bringing the average disposable income per rural inhabitant closer to the cost of living (0.99 is the best ratio achieved during the past years). At the national level the salaries returned to a positive slope in November (+2.2% November y-o-y), but the increase was limited to only a few sectors: education, real estate, trade, transport and communications, hotels and restaurants.

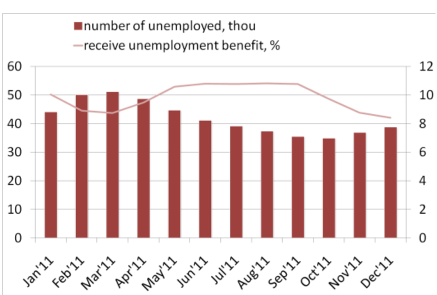
Chart 2. Change in the per capita income form remittances, by residence, % y-o-y



Source: NBS and EG calculations;

The household income data confirms the trend that took roots in late 2010, specifically the reorientation of remittance flows to urban areas. Thus, the flow of remittances increased in urban areas only, while in rural areas it has declined throughout the year (Chart 3). The reasons of these developments were explained in MEGA no. 5, but the implications of this phenomenon are more important, as they ultimately reflect the depopulation of villages, the limited opportunities for rural development, the limited resources for the reduction of rural poverty, and the severe implications on the living conditions in rural areas.

Chart 3. Evolution of the unemployed registered with NEA (secondary axis) and share of unemployment benefits recipients



Source: NEA and EG calculations;

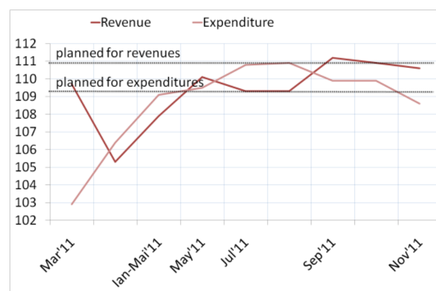
The increase in the number of unemployed registered with NEA became more prominent during the winter months. Although it is a seasonal trend and the number of unemployed registered at the end of 2011 is lower than in 2010, the seasonal decrease was much slower in during the last two months of the year. Moreover, the share of unemployment benefit recipients declined in December to 8.4% (Chart 3). The decrease in the number of registered unemployed and the amendments operated last summer to the legislation on employment and social protection of job seekers allowed the NEA to reduce the expenses for the payment of the unemployment benefit by 23% in 2011 y-o-y. At the same time, the expenses for active employment stimulation measures increased in 2011, so that the resources for professional training rose by 31%, but are still under the level of 2008-2009.

Who should fight the informal employment, and what would be the best way to do it? In January, the Ministry of Labor, Social Protection and Family (MLSPF) presented the draft public policy "Diminishing the Informal Employment". The paper brings a series of quite valuable and interesting calculations, which are certainly useful, as well as some options that unfortunately perceive too narrowly the problem of informal employment in Moldova. As mentioned in MEGA no. 5, the Ministry was assigned way too many responsibilities in combating the informal employment; when they should be shared by several institutions. If the Labor Inspection is indeed entitled to sanction for employment that is not backed up by an employment contract, then the hidden revenue should be monitored by the Tax Inspectorate. If salaries are paid under the table, it means that companies hide a part of their revenue and by solving this issue we will eliminate this phenomenon. But certainly this issue does not fall under the competence of MLSPF. As well, too little attention is paid to the fundamental reason of hidden revenues: general lack of satisfaction with public services. Though it is mentioned as one of the reasons, in fact it is the main reason behind the employee's decision to accept salaries paid under the table and the resulting tax evasion that occurs at the level of individuals. As for the common opinion that many employees would gladly pay the taxes, but are forced by the employers to do otherwise, that statement is not supported by statistical data or any other source (survey, interviews) and if these employees were indeed subject to a survey we still don't know whether they were informed that the payment of all taxes would decrease their net salary.

PUBLIC FINANCE

Did we miss the revenue growth target in 2011? In January-November, the growth rate of the national public budget (NPB) revenue continued the decreasing trend noticed in October, accounting for 10.6% y-o-y, this performance is actually below the annual level established through budgetary corrections (Chart 4). To the greatest extent, the reduction was generated by the lower tax revenue collected by the State Tax Service that reached 95.4% of the planned amount. As well, the arrears to NPB increased by 11.4% and amounted to MDL 947.4 million[1]. If we compare the revenues and expenses collected and incurred in January-November with the respective periods of the past 6 years, we will notice that, except for 2009, in 2011 the revenue was collected at the lowest level if compared with the forecast indicators, while in case of expenses the situation was similar to the previous years.

Chart 4. Change in the NPB revenue and expenditure in 2011, % cumulated y-o-y



Source: Ministry of Finance;

On the final straight of 2011 the Parliament managed to approve the State Budget Law for 2012 Although we recall it as a tensioned, populist and inefficient process, it displayed a higher level of participation and intensity, an aspect that certainly enhanced the quality of the approved document. To avoid any future violation of the budgetary schedule, it is important for the debates on the draft law for 2013 to be in the attention of all political forces and of the society from the very beginning of the budgetary planning cycle. The Ministry of Finance started on December 27, 2011 the process of MTEF 2013-2015 development and requested that all proposals be submitted by January 23, 2012. In fact this stage is fundamental and the further budgetary planning will depend to a large extent on the quality of the proposals submitted by the respective authorities. Taking into account the low visibility of this stage, time of the year when it takes place and the fact that the political forces did not make public any conclusions as a result of the debates they had last year and would be promoted at political level in the upcoming years, there is a risk to receive low quality proposals.

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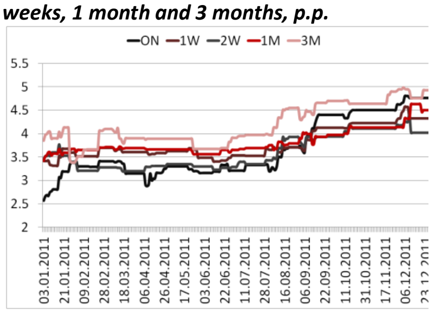
[1] According to the data submitted by the Ministry of Finance of the Republic of Moldova.

Financial Sector

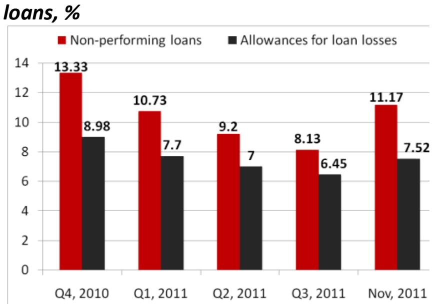
Chart 5. Margin between overnight interbank loans and deposits, 1 week, 2 weeks, 1 month and 3 months, p.p.



Source: NBM;

The euro area sovereign debts crisis affected the evolution of the Moldovan banking system at the end of 2011. The increased uncertainties in the region and the unfavorable macroeconomic expectations led to a higher mutual distrust among banks. Thus, the margin between the interbank credits and deposits increased visibly due to higher risk premiums applied by banks (Chart 5), which could lead in the near future to a higher reluctance towards crediting. Another prime effect of the difficult economic situation in the region is the worsening of the credit portfolio of the Moldovan banks. Thus, after a two-fold decrease in the share of non-performing loans in the total volume of loans after the crisis of 2009, it jumped from 8.13% up to 11.17% from September to November (**Error! Reference source not found.**). It forced the banks to apply more conservative crediting policies, being much more exigent when considering requests for loans and increasing the risk premiums included in the lending interest rates.

Chart 6. Share of non-performing loans in total loans and loan loss provisions to total loans, %



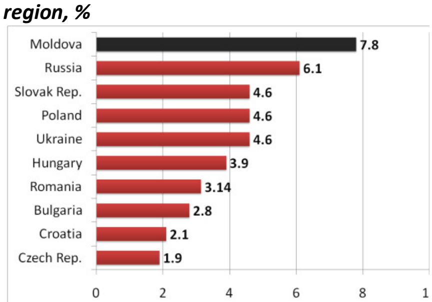
Source: NBM

By the end of the year banks undertook the first measures of portfolio immunization with respect to potential repercussions of the world sovereign debts crisis. Thus, they decreased significantly foreign currency lending: in November the amount of new FX credits decreased by 25.6% y-o-y, while the credits in national currency increased by 24.3%. Another measure for the mitigation of the currency risk was the significant change of the structure of open long FX position. Thus, from September to November it decreased almost twice for the assets in EUR and increased by 38% for the ones in USD. Consequently, given the negative expectations from the euroarea, Moldovan banks gradually stop using assets in EUR, choosing other currencies. Finally, the loan loss provisions increased by 17% during the same period, revealing both, worsening bank portfolios and high level of uncertainty, or even negative expectations of banks for the near future.

Despite the negative trends and the explained risks, the Moldovan banking systems is sufficiently capitalized and, respectively, immune to potential shocks. Thus, at the end of November the capital sufficiency was 30.15% - much over the required minimum of 12%; the short term liquidity indicator was 33.35% while the minimum is 20%; and the long term liquidity indicator was 0.68, the maximum accepted one being 1.0. At the same time, NBM offers the commercial banks a preferential credit line, which was used intensively during the crisis of 2009. Consequently, there aren't any preconditions now for an essential destabilization of the banking system.

Prices

Figure 7. CPI in several countries of the region, %



Source: Bureaus of Statistics of the analyzed countries;

The disinflation process expected for 2012 already started in late 2011. The annual CPI decreased from 8.9% in November to 7.8% in late December - significantly under the official forecasts. A series of external and internal factors, exogenous for the models used in the forecasts, determined an unusually low inflation in December (+0.2% compared to the previous month). This was determined by the slowing down of the economic activity, in tandem with a lower internal and external demand, appreciation of the national currency compared to the Euro by 2.3% m-o-m, as well as by the high comparison basis (in December 2010 the prices increased by 1.3% m-o-m). At the same time, the unusually high temperatures for winter time allowed cheapening some foodstuff (e.g. potatoes) and maintenance of steady prices for fuels. Nevertheless, despite the aforementioned disinflationary factors, the annual inflation continued to be one of the highest in the region (Figure 7)

The inflation rate forecasted for 2012, as well as the risks generated by the sovereign debts crisis in the euro area, determined the NBM to relax the monetary policy. Thus, it decided in November to decrease the reference rate from 10% to 9.5% and at the end of December from 9.5% to 8.5%. In this way the central bank adjusts its monetary policy to the disinflation expectations, in order to mitigate the potential deflationary or recession pressures generated by the euro area sovereign debt crisis. In this context, the price increase under the forecast level for December and slowing of economic activity externally and internally provides NBM with the necessary mandate to continue gradually relaxing the monetary policy in the upcoming months.

FOREIGN TRADE

Expansion of the foreign trade shows signs of fatigue. Although the export expansion rate continued to be at a record level, 47.1% y-o-y in January-November 2011, towards the end of the year this expansions showed clear signs of deceleration. If we take into account that re-exports account for about 46% of the total exports, than the picture is not that pink as it seemed to be in the first half of 2011. One of the main reasons of this deceleration was the slowing of economic growth rates and decrease of the global trade. This trend will become even more stringent. Thus, if the world trade increased by about 6.6% in 2011, then the forecast for its expansion in 2012 is only 4.7%[2]. Despite the fact that the European Union seems to be in a recession already, the exports in this direction can be affected significantly in 2012, through the transmission channel of the European "flue" to Moldova. Taking into account that Russia and Ukraine, Moldova's main trade partners to the East, are not immune to the effects of the European recession, we could expect that, with a little delay, the trade with the CIS countries will also be affected.

Power of geography... Another interesting trend of 2011 is the mass recovery of the shares held by the main trade partners of Moldova, which are in its immediate geographic neighborhood. Thus, Russia, Romania and Ukraine had redoubtable progress as destinations for the Moldovan exports, holding at the end of November 2011 shares of 28.1%, 17.4%, and 6.9% respectively. Per total these three countries hold 52.4% of all Moldovan exports.

The increase of imports is still robust - 36.4% in January-February 2011 y-o-y, also with slight signs of deceleration. We have the ground to anticipate the continuation of this trend in 2012 due to the cold economic climate in the region and some possible decreases of prices on the raw material (oil, natural gas, metals) and foodstuff markets. This is on the supply side, while on the demand side, the anticipated decrease in the remittance flows will have contraction effects.

[2] World Bank, Global Economic Prospects, January 2012.

Statistical Appendix

Table 1. Moldova: key short-term economic indicators

	May'11	Jun'11	Jul'11	Aug'11	Sep'11	Oct'11	Noi'11	Dec'11
Industrial production growth rate, y-o-y, %	4.9	11.6	8.7	19.4	10.3	3.8	3.5	n.a.
Retail-trade growth rate, y-o-y, %	22.8	24.2	16.4	19.8	18.7	n.a.	n.a.	n.a.
Services to population growth rate, y-o-y, %	-3.3	10.0	3.9	6.7	5.6	n.a.	n.a.	n.a.
Merchandise exports, million USD	173.6	172.5	181.0	186.0	182.6	211.2	242.7	n.a.
Merchandise imports, million USD	437.6	417.5	414.8	420.6	484.2	468.4	494.9	n.a.
Official reserve assets, million USD	1909.4	1901.5	1988.1	2018.9	1968.4	2018.9	1959.0	1965.3
Registered unemployed, persons, end-period	44719	41141	39146	37397	35482	34860	36957	38752
Real wage growth rate, y-o-y, %	5.5	11.4	2.5	-0.6	0.3	0.1	2.2	n.a.
Budget revenues growth rate, cumul. y-o-y, %	7.9	10.1	9.3	9.3	11.2	10.9	10.6	n.a.
Consumer prices growth rate, y-o-y, %	7.0	7.7	8.3	9.2	8.8	8.9	8.9	7.8
Nominal exchange rate, end-period, MDL/USD	11.67	11.61	11.40	11.34	11.92	11.6	11.88	11.72
Nominal exchange rate, end-period, MDL/EUR	16.60	16.75	16.30	16.37	16.23	16.42	15.89	15.07
Broad money (M2) growth rate, y-o-y, %	22.1	21.1	20.4	21.06	18.0	16.07	14.1	14.4
Central bank refinancing rate, end-period, %	8.0	8.0	9.0	10.0	10.0	10.0	10.0	9.5
Bank deposit rate, %	7.83	7.28	7.75	8.0	6.87	7.6	7.37	8.45
Bank lending rate, %	14.59	14.20	14.32	14.06	14.11	14.03	14.57	13.96
Banks liquid assets, % of total assets	33.34	31.77	32.30	32.68	31.67	32.91	33.35	n.a.
Banks unfavorable credits, % of total credits	10.19	9.20	9.27	8.94	8.13	9.74	11.17	n.a.
Currency deposits, % of total deposits	47.20	47.64	46.84	46.71	46.91	46.94	46.38	n.a.

Source: NBS, NBM, and EG calculations and estimates.

Table 2. Moldova: key long-term economic indicators

	2004	2005	2006	2007	2008	2009	2010	2011e
Population, million (excluding Transnistria), end year	3.607	3.600	3.590	3.581	3.573	3.568	3.563	3.559
GDP, billion USD, current prices	2.598	2.988	3.408	4.401	6.055	5.403	5810	7167
GDP per capita, USD at PPP	2126	2359	2559	2720	3004	2839	3088	3370
GDP growth rate, y-o-y, %	7.4	7.5	4.8	3.0	7.2	-6.5	6.9	6.1
Private consumption growth rate, y-o-y, %	6.2	10.1	7.0	3.6	4.5	-7.9	9.0	9.0
Gross fixed capital formation growth rate, y-o-y, %	11.0	17.7	2.8	10.5	-7.8	-37.2	17.2	10.0
Industrial production growth rate, y-o-y, %	8.2	7.0	-4.8	-1.3	0.7	-22.2	7.0	9.0
Agricultural production growth rate, y-o-y, %	20.8	0.8	-1.1	-23.1	32.1	-9.9	7.9	3.0
Share of industry in GDP, %	20.5	19.1	18.0	19.1	13.9	13.0	13.3	13.6
Share of agriculture in GDP, %	17.5	16.4	14.8	10.0	8.8	8.5	12.0	12.0
Merchandise exports, million USD	994.1	1104.6	1060.8	1373.3	1646.0	1321.5	1582.1	2160
Merchandise imports, million USD	1748.2	2296.1	2644.4	3676.4	4866.3	3333.0	3855.3	5000
Service exports, million USD	332.08	398.94	465.66	625.08	837.2	677.7	689.79	n.a.
Service imports, million USD	353.05	419.68	487.64	631.16	824.72	701.8	770.10	n.a.
Net foreign direct investment, million USD	147.8	190.86	234.16	522.04	691.49	112.0	198.9	n.a.
Net work remittances, million USD	659.5	868.8	1119.0	1419.4	1795.8	1106.8	1253.3	1410.6
Current account/GDP, %	-2.2	-8.1	-11.7	-15.2	-16.7	-8.6	-8.3	n.a.
Official reserve assets, end of year, million USD	470.27	597.44	775.3	1333.7	1672.4	1480.3	1717.7	1980
Total external debt stock, million USD	1881.8	2078.1	2528.9	3355.9	4106.1	4368.8	4618.1	5050
External debt/GDP, %	72.5	69.6	74.3	76.3	67.9	80.8	82.2	72.0
External debt/exports of goods and services, %	141.5	138.0	164.8	167.4	164.6	215.1	205.9	n.a.
Employment rate, % of population aged above 15	45.7	45.4	42.9	42.5	42.5	42.8	38.5	40.0
Unemployment rate, % of the economically active pop.	8.1	7.3	7.4	5.1	4.0	6.4	7.5	6.7
Real wage growth rate, y-o-y, %	10.1	6.8	14.2	8.0	10.2	9.0	0.7	2.5
Consumer prices, year average, %	12.5	12.0	12.8	12.4	12.8	0.0	7.4	7.8
General government balance, % of GDP	0.4	1.5	-0.3	-0.3	-1.0	-7.0	-2.5	-1.9
General government expenditure, % of GDP	35.1	37.0	40.1	41.8	41.6	43.5	40.8	38.4
Exchange rate, year average, MDL per USD	12.3	12.6	13.1	12.1	10.4	11.1	12.4	11.7
Broad money (M2) growth rate, y-o-y, %	44.8	36.7	12.2	47.3	18.3	-3.8	18.4	10.0
Central bank refinancing rate, end-year, %	14.5	12.5	14.5	16.0	14.0	5.0	7.0	9.5
Total commercial bank loans, % of GDP	30.3	30.2	33.6	37.2	37.5	35.0	32.6	37.0
Bank deposit rate, average per period, %	15.2	13.0	11.9	15.1	18.1	14.7	7.56	8.0
Bank lending rate, average per period, %	21.0	18.9	18.2	18.9	21.0	20.3	16.25	14.0

Source: NBS, IMF, NBM, and EG calculations and estimates.

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